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STATE REPRESENTATIVE • 59TH ASSEMBLY DISTRICT

**Assembly Committee on Public Benefit Reform
Public Hearing
Tuesday, August 18, 2015**

Good morning fellow committee members. AB 222 is a bill that aims to significantly reduce recipient FoodShare fraud in Wisconsin. This bill is not intended to harm those who are truly in need, but to end fraudulent behavior to ensure that aid remains available to the neediest in our communities.

To better understand the impetus for this bill, it's important to understand how the program is designed. The Wisconsin arm of SNAP, the federal Supplemental Nutrition Assistance Program, is called FoodShare. SNAP is administered by the Food and Nutrition Service (FNS), a division of the U.S. Department of Agriculture (USDA). In 1996, federal law mandated that states switch to electronic benefit cards, also known as EBT cards, to administer benefits instead of food stamp coupons. FoodShare EBT cards are called QUEST cards in Wisconsin, with new benefits added each month. Wisconsin QUEST cards currently include one layer of security through the use of a personal identification number (PIN). This bill would require an additional level of security for QUEST cards.

Some banks and our own UW system incorporate photo IDs on debit cards for an additional layer of security. The UW WisCard is no longer simply a college ID, but also a debit card with a photo ID. Bank of America states directly on its website that, although their cards currently have PIN numbers and computer chips, "your picture on your debit card helps protect you from fraudulent use if your card is lost or stolen."

FoodShare program costs are shared 50/50 by the state and federal governments. In 2014, Wisconsin taxpayers paid \$47.2 million to administer \$1.11 billion in benefits to 842,000 individuals (421,000 households), 14.5 percent of the state population.



When analyzing our public benefit programs, it is important to note that there are two types of fraud: recipient fraud and provider fraud. According to the USDA, the national average for provider fraud is 10.5 percent and recipient fraud is 1.3 percent. This bill would address recipient fraud in Wisconsin, approximately \$14.5 million.

However, to fully reap the fraud savings of this bill, QUEST card holders would need to present the new card to the cashier during the checkout process to verify identity. Permission to require EBT cardholders to present their photo ID EBT card has not been granted in any other state with such a program.



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Other states currently utilize a photo ID EBT card system. Maine recently implemented a program in July 2014, and Massachusetts re-implemented their program under Democrat Governor Deval Patrick in 2013 after it was shut down by Governor Romney in 2004.

	Wisconsin	Maine	Massachusetts
SNAP Households in 2014	421,000	123,000	489,000
Individuals Covered in 2014	824,000	231,000	863,000
SNAP Dollars in 2014	\$1.11 billion	\$322 million	\$1.3 billion
Approximate Fraud/Year (1.3%)	\$14.5 million	\$4.2 million	\$16.5 million
Estimated Program Startup Costs	\$7 million*	\$166,000	\$5-7 million
Estimated Annual Costs	\$2 million*	\$41,000	\$4.4 million
Population in 2014	5.76 million	1.33 million	6.745 million

**state GPR portion would be 50 percent of this figure*

Although federal EBT regulations currently allow for photos, there are some situations that must be addressed in a DHS waiver request if this bill is signed into law. For example, those who could be adversely affected by a photo mandate such as the blind, disabled, victims of domestic violence and those under age 19 or over age 60 would not be required to have a photo on their card. Cards for these individuals would likely state "valid without photo."

Another design hurdle is that although an EBT card is only issued to the head of the household, any family member or household designee can make purchases with the card. Several options exist to deal with this situation, including issuing a photo EBT card to every member of the household or listing each household member's name alongside the head of household's photo.

If passed by the legislature and approved by FNS and USDA, this bill would then require final approval prior to implementation from the Joint Finance Committee. I believe that by implementing photos on QUEST cards, we will be adding one more layer of security on these cards and deterring fraud.

In closing, I would like to thank Governor Walker, Secretary Rhoades and Inspector General Alan White for the steps they have taken in recent years to curb much of the fraud and abuse occurring on Facebook, Craigslist, and e-Bay. While it is clear that majority of FoodShare users are not abusing the system, we need to continue to have open minds towards evolving our FoodShare program, pushing back on the federal government through thoughtful consideration of fraud and abuse wherever it occurs so as to ensure good stewardship of taxpayer dollars.